

Understanding Your Phone Bill

Explanations of charges, taxes,
and surcharges which appear
on phone bills

**When it comes to your phone service, we know you have many questions.
The State of Wisconsin's TeleWatch program will give you plain talk
about your telephone service.**

The illegal practice of adding charges to your phone bill for services that were not ordered, authorized, or received is called “cramming”.

The best way to avoid cramming is to read your bill and understand what each individual charge is for. This can sometimes be a challenging task, especially with all the surcharges and taxes. The explanations below should help.

Each phone company may use slightly different wording for these charges. If you have questions about billing charges not explained in this information, please first contact your local phone company. If you still have questions, contact the PSC. For more information about cramming, refer to the brochure “Check Your Bill for Cramming.”

Local and long distance service charges

The **Monthly Local Service** charge is the rate for your basic local phone service and the options you have requested. The PSC establishes the procedures that phone companies must follow to change these rates, based on state law.

Extended Community Calling (ECC) is a service authorized by the PSC in 1993 to promote equality of local calling areas. ECC only affects calling that was previously considered toll calling to exchanges that border or are within 15 miles of the caller's exchange. Mileage is based on the location of the main switching center within each exchange, not the location of the customer making or receiving the call.

The rate charged for ECC calls varies between \$.04 and \$.08 per minute, depending on the company. The PSC establishes the procedures that phone companies must follow to change these rates, based on state law.

Local Toll, Local Long Distance, or IntraLATA charges are for calls made to phone numbers outside your local calling area, but within your LATA. Since you can choose among different providers for this service, these rates are not regulated.

Long distance charges are for those calls made to phone numbers outside your LATA.

Unregulated charges are for those services that are considered competitive and, under Wisconsin law, do not require PSC approval of the rates, such as Internet service or inside wire maintenance.

Phone Rental or Customer Premise Equipment. The phone company used to own all the phone sets, and some people may still be renting outdated phones. It's often much cheaper to buy a phone for your home than to lease one. You may be leasing and not know it. Check your phone bills to be sure.

Surcharges which vary between providers

The list of surcharges on telephone bills has recently gotten longer. While some of these are a set amount or percentage, others vary from company to company, and may make a difference if you are comparing costs between companies.

Federal Universal Service Fund (USF). This charge may appear on the long distance portion of your phone bill and is often listed as the Universal Connectivity Charge. The FCC requires long distance companies to contribute to the USF. This fund is used to provide affordable phone services to low-income and rural customers. The USF also provides discounts on telecommunications services and Internet access for eligible schools, libraries and rural health care providers.

Many long distance companies are recovering this contribution to the USF by placing a charge on customers' bills. The charge varies from one long distance company to another. Some companies collect this as a fixed monthly charge while others calculate a percentage of the bill. Some companies do not charge this fee at all.

Presubscribed Interexchange Carrier Charge, Presubscribed Line Charge, Carrier Line Charge, National Access Fee, or PICC. Many long distance companies are still charging residential and single line business customers for this, **even though they aren't paying it anymore!** Long distance companies paid a flat fee to the local telephone company between January 1, 1998 and July 1, 2000 for customers that were pre-subscribed to their long distance service. The long distance companies are still paying this charge for multiple line businesses. The charge is designed to compensate the local telephone companies for the use of local telephone lines. Some companies do not charge this fee at all, and the charge varies among those that still charge this fee. This is NOT a tax.

Local Number Portability, Number Portability Service Charge or LNP. This charge may appear on the local portion of your phone bill if you live in an area where local number portability is provided. LNP is a new technology that allows customers to keep their phone numbers when they change their local telephone company, but stay at the same location.

Local phone companies are allowed to recover the costs of upgrading equipment to provide LNP service by charging all customers an LNP Charge, even if LNP is not yet offered in all areas. The charge will be effective for 5 years. The LNP charge will vary by phone company up to a maximum of \$0.60 per month per telephone line. Local telephone companies are not allowed to charge this fee to customers on the Lifeline Assistance Program.

Payphone Access Fee. This is NOT a tax, and can vary from carrier to carrier. Under the 1996 Telecommunications Act, payphone operators must be compensated by long-distance operators for toll-free calls made through their phones. Most long distance companies pass this charge on to you on your long distance bill for calling card calls you placed from a payphone or toll free calls you receive from someone placing a payphone call.

Other taxes and surcharges

The **Federal Access Charge, Interstate Access Charge, Federal Subscriber Line Charge, or Customer Line Charge**, is an amount required by the Federal Communications Commission (FCC) to keep rates charged by long distance companies lower than they otherwise would be. You pay this charge, whether or not you actually make long distance calls, so you can have access to the network of long distance lines if and when you need them. The FCC places a limit on this charge.

911 Emergency Service, or Emergency Telephone Service. Under state law, a county may adopt a plan for emergency 911 services on a countywide basis and impose a monthly charge through the telephone bill. The county government must approve changes to this charge.

Federal Tax or Federal Excise Tax. This tax appears on both your local and long distance phone bills. It is charged as a set percentage regardless of which telephone service provider you use. For more details on this tax, you can contact the Internal Revenue Service Excise Tax Branch.

State Sales Tax is currently 5%, and does not vary between companies.

Local Sales Tax. Some counties have a tax of 0.5% or 0.6%.

Gross Receipts Surcharge, also known as state/local surcharge, or state tax surcharge, applies to calls between states and some long distance calls within the state. The interstate surcharge is approved by the FCC. This is not a tax imposed on the customer, but a surcharge to recover the higher taxes imposed in Wisconsin on telephone companies. Many companies are phasing out this charge, as Wisconsin has reduced the tax paid by these companies starting in the year 2000.

Who can help?

The Public Service Commission of Wisconsin is the state agency that oversees the telephone industry. Most local and in-state telephone billing and service complaints may be directed to the PSC. Call or write to:

P.O. Box 7854
Madison, WI 53707-7854
(800) 225-7729 (800-CAL-PSCW)
TTY (608) 267-1479
Fax (608) 266-3957
E-Mail: pscsecs@psc.state.wi.us
<http://psc.wi.gov>

The **Wisconsin Department of Agriculture, Trade and Consumer Protection** mediates and investigates telecommunications complaints, including those regarding mail and phone solicitations, deceptive and misleading marketing, and long distance rate changes. Call or write to:

P.O. Box 8911
Madison, WI 53708-8911
(800) 422-7128
TTY (608) 224-5058
Fax (608) 224-4939
E-Mail: datcpholine@datcp.state.wi.us
<http://datcp.state.wi.us>

The Wisconsin Department of Justice enforces state law, including telecommunications. Write to them at:

123 West Washington Ave.
P.O. Box 7857
Madison, WI 53707-7857
www.doj.state.wi.us

The Federal Communications Commission is the federal agency that oversees the telecommunications industry. Call or write to:

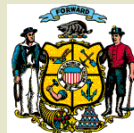
Consumer Protection Branch
Common Carrier Bureau
445 12th St., SW
Washington, DC 20554
Toll-free (888) 225-5322 (888-CALL FCC)
Toll-free TTY
(888) 835-5322 (888-TELL FCC)
www.fcc.gov

Bilingual service / Servicio Bilingüe

The Public Service Commission (PSC) is also able to provide customer assistance in Spanish. When calling the PSC, please ask to speak to a Spanish speaking representative.

En la Comisión de Servicios Públicos del estado de Wisconsin (PSC) podemos asistirles en español. Cuando llame a la PSC, pida hablar con un representante de habla hispana.

The Public Service Commission of Wisconsin does not discriminate on the basis of disability in the provision of programs, services, or employment. If you are speech hearing, or visually impaired and need assistance, call (608) 262-8524 or TTY (608) 267-1479. We will try to find another way to get the information to you in usable form.



This brochure was produced jointly by the WI Public Service Commission, the WI Department of Agriculture, Trade and Consumer Protection, and the WI Department of Justice.